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<b>TRANSMITTAL SLIP</b>		DATE
TO: <i>David Low</i>		
ROOM NO. <i>7B42</i>	BUILDING	
REMARKS:  <i>Need your comments ASAP.</i>  <i>OK - no change per DL</i>  <b>NIO/AFRICA</b>		
FROM: <i>7-E-47 CIA Hqs.</i>		
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## TALKING POINTS FOR NSC MEETING, 5 SEPTEMBER 1985

- o South African Government attitudes: President P. W. Botha's 15 August speech is illustrative of his government's intentions. Botha played to conservative Afrikaner attitudes, showing his predominant concern of maintaining the support of his core Afrikaner constituency.  the Afrikaners strongly favor restoration of law and order and cautious reform, in that order, and that seems to be Botha's continuing agenda. The subsequent major crackdown on demonstrations, disturbances, and detentions of nonwhite oppositionists, while opposed by Foreign Minister Botha, reflects the priority Botha gives to restoration of order before proceeding with new reforms. Botha seems preoccupied with the forthcoming five by-elections on 30 October and the challenge his party faces from the white right.
  
- o Black attitudes: A recent poll indicates that township black residents (nonrural) are increasingly pessimistic of peaceful reform and anticipating continuing violent black-white confrontations. The 14 million rural blacks remain unpoliticized and passive. The current security crackdown has had the effect of driving moderate, nonrevolutionary black opinion leaders away from any dialogue with the government. The recent abandonment by the mineworkers' union of a partial strike does illustrate that moderate black trade unionists

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do not favor a suicidal, confrontation-at-all-costs strategy. The arrest of UDF and student leaders has largely destroyed any national mechanism for orchestration of protests and violence; the township violence continues to be largely led by unorganized youths. The mostly external African National Congress has increased inflammatory calls for violence against whites, but lacks an effective internal organization capable of anything beyond isolated incidents.

- o Internal violence: Despite a heavy increase in security measures, episodic violence--mostly on a small scale--continues to flicker throughout black townships. This violence shows little orchestration and seems largely reactive to local events. Two incidents yesterday involving nonwhite violence in white areas in Cape Province will likely trigger a massive government security reaction, both to intimidate would-be perpetrators and to preempt possible white vigilante reaction. The incidents immediately followed an ANC external radio call for blacks to bring the violence into white residential areas.
  
- o Economic crisis: A short-term solution to South Africa's economic crisis has not yet emerged, and largely depends on the willingness of Swiss, German, and UK banks to roll over short-term loans and extend new credits. The fluctuations in the rand are having a negative psychological effect both on white South Africans and external investors. The SAG is also running short of foreign currency. We

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anticipate that the SAG will succeed in rolling over its short-term debt (\$6 billion due in the next six months) and borrowing foreign currency against its gold reserve. New loans are more dependent on external perceptions of stability. We do anticipate a stabilization of the rand, debt rescheduling and new borrowings but at a significantly increased cost. In order to accomplish short-term stabilization, the South African Government is jeopardizing both an economic recovery in 1986 and longer-term growth.

- o Outlook: We do not anticipate significant new reforms until after the 30 October by-elections. Following those, reforms will address already introduced subjects--citizenship, modification of influx control, cautious moves toward a new federal constitutional arrangement. Such reforms will be introduced slowly and already have been discounted by black opinion leaders as insufficient. We do not see black opinion leaders other than tribal homeland leaders engaging in any dialogue with the SAG in the next several months. We do anticipate continuing township violence despite heightened security measures, but not orchestrated in any effective way. Occasional attacks on white residential areas may occur which could provoke a severe government reaction and some white vigilanteism. The possibility of significant (and visible) black casualties in the government suppressions of disturbances remains high. Neither the continuing black violence nor the economic crisis will seriously jeopardize the Botha government's tenure of office nor stampede it into more significant reforms in the next year in our view.

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